

Congress of the United States
Washington, DC 20515

May 22, 2020

The Honorable Nancy Pelosi
Speaker of the House
U.S. House of Representatives
H-232, U.S. Capitol
Washington, D.C. 20515

The Honorable Kevin McCarthy
Minority Leader
U.S. House of Representatives
H-204, U.S. Capitol
Washington, D.C. 20515

The Honorable Sanford Bishop Jr.
Chairman
Subcommittee on Agriculture, Rural
Development, FDA, and Related Agencies
House Committee on Appropriations
235 Cannon House Office Building
Washington, D.C. 20515

The Honorable Jeff Fortenberry
Ranking Member
Subcommittee on Agriculture, Rural
Development, FDA, and Related Agencies
House Committee on Appropriations
1514 Longworth House Office Building
Washington, D.C. 20515

Dear Speaker Pelosi, Leader McCarthy, Chairman Bishop, and Ranking Member Fortenberry:

As the House develops strategies to address the economic impacts of the Coronavirus Disease 2019 (COVID-19) pandemic, we respectfully request strong investments in food production industries for Hawai‘i and the U.S. Territories of the Commonwealth of Puerto Rico, U.S. Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands (U.S. Islands). These locations differ from most of the United States in that they are very remote and thus highly isolated from much of our nation’s food production and processing hubs. A larger degree of self-dependence in the short and long term is necessary, and thus, special consideration is warranted at this critical time.

As with other localities, the COVID-19 pandemic has devastated the economies of the U.S. Islands. To date, about 35% of Hawaii’s workforce have applied for unemployment insurance benefits, and it will be a long time before the State’s travel-based economy will recover. Guam estimates that 58% of its workforce, of which 30% are employed in the visitor industry, will be applying for Pandemic Unemployment Assistance program (PUA) assistance. In Puerto Rico, with tourism representing 6% of its total GDP, about 219,000 unemployment claims were made between March 14 and April 25. In the U.S. Virgin Islands, COVID-19 “poses a significant risk to the U.S. Virgin Islands economy,” and “is particularly impacted due to its reliance on cruise ship and airline traffic to support its tourism-based economy” according to their Public Finance Authority. April data shows that unemployment claims increased by more than 172% over the 2019Q4. In the Northern Mariana Islands, more than 700 public school teachers have been furloughed without pay resulting in more than 10,000 students being unable to attend classes due to COVID-19 related revenue shortfalls caused by the collapse of their visitor industry.

The COVID-19 pandemic clearly necessitates that Hawai‘i and U.S. Island Territories implement new food production and security strategies to create stable diversified food

production systems and new trade opportunities to diversify their economies. With Congressional assistance, U.S. Islanders will be able to attract investment capital through dynamic agriculture projects that can catalyze both upstream and downstream business and employment opportunities. As Congress works to help all states restart their economies, now is the time to aid Hawai‘i and the U.S. Islands in retooling their agriculture and food security systems. This would allow shuttered businesses and displaced workers to focus on reviving this important economic sector, help increase self-dependence and food security, and get people back to work quickly.

Historically, agriculture has offered low-barrier opportunities for people to engage in commerce, find work, and purchase fresh foods. The COVID-19 pandemic has quickly disrupted that system, and we now have the opportunity to rebuild it in a sustainable, resilient way. The current lull in economic activity and the probable longer-term decline in island tourism will be an ongoing challenge. Nevertheless, U.S. Islanders have always shown a resiliency to bounce back in the face of adversity, whether caused by hurricane, tsunami, lava flows, earthquakes, or pandemics. With adequate investment, our people will meet the challenge.

The Challenge and Need

The coronavirus pandemic has brought to the forefront unique food security challenges that must be confronted by Hawai‘i and the U.S. Territories, many of which are unlike those faced by the 48-contiguous states. Hawai‘i imports roughly 85% of its food from the U.S. mainland. This food insecurity increases costs and decreases the freshness of food products.

Only Alaska has a similar disparity between where their food is produced and eventually consumed, however food production is not possible in most areas of that state, while the opposite is true in Hawai‘i and other U.S. Islands. Arable land is readily available in most locations, water plentiful, and soil fertility and drainage highly conducive to a wide variety of crop production systems. Difficulties, however, exist as the majority of the U.S. Island agriculture operations are small, family-run farms typically isolated from other farms and supporting research organizations. Thus, landowners and other farm operators often lack the economy of scale afforded to medium and large-scale farm operations in the Mainland U.S.

Island geography, both within and between islands, restricts business in a variety of ways related to the economics of operations. Fixed costs as a percentage of revenue are higher for transportation, labor, energy, land, input, and other operating expenses. Tropical and subtropical agriculture year-round growing seasons are challenged to control insects, weeds, fungi, and plant diseases. While many farmers have embraced integrated pest management techniques, some of them have also been forced to purchase expensive synthetic controls to limit crop losses from noxious species. Separation from Land Grant Universities and Federal Research and Development Laboratories further inhibits acquiring new and innovative technologies in a timely manner. Further, Federal food farm and food programs have been invaluable, but funding has been insufficient to address the needs of rural consumers. Complex regulations and paperwork are also barriers for local farmers to access federal assistance necessary to increase food security and speed the delivery of fresh, healthy food to the people of our islands.

Thus, the need is great to carefully focus stimulus resources in ways that specifically support U.S. Island farm production systems and the network of operations that foster economic growth and sustainability within our unique locales and social structures. To assist Congressional leaders and Appropriators in focusing the wide range of sources of aid, we have formulated the following guidelines for your use in identifying and prioritizing needs for the Hawai'i and the U.S. Territories.

Summaries follow for two wide areas of consideration, 1) COVID-19 Emergency Funding for Agriculture and Nutrition, and 2) Additional Measures to Support Farmers. Within each of these areas, a number of sub-initiatives have been identified as areas felt to be of the highest importance. If further information is required on any specific suggestion or on the overall packaging of such funding, we will be readily available to provide more information. Please contact: Jeffrey Nowill (Plaskett) at Jeffrey.Nowill@mail.house.gov, Mitchell Heidenreich (Case) at Mitch.Heidenreich@mail.house.gov, or Dave Chun (Gabbard) at Dave.Chun@mail.house.gov.

Administration of COVID-19 Emergency Funding for Agriculture and Nutrition

On April 17, 2020, USDA Secretary Sonny Perdue announced the creation of a \$19 billion Coronavirus Food Assistance Program (CFAP) to “provide critical support to our farmers and ranchers, maintain the integrity of our food supply chain, and ensure every American continues to receive and have access to the food they need.” According to Secretary Perdue, the CFAP funding sources are the Coronavirus Aid, Relief, and Economic Security Act (CARES), the Families First Coronavirus Response Act (FFCRA), and other USDA existing authorities. We note that just \$2.1 billion is reserved for specialty crop producers despite the CARES Act appropriating \$9.5 billion for specialty crop producers and local food systems impacted by the COVID-19 pandemic. Greater targeted assistance is required to help small farmers. Therefore, we are requesting the following in the next round of COVID-19 stimulus measures:

Small Producer Grants

Local food production chains are stressed, business expenses are mounting, product demand is collapsing, food contracts are being cancelled, and less perishable items are aging perilously in storage. There is grave fear that farmers who are already operating with slim margins will file for bankruptcy. We request robust funding for programs that benefit small agricultural producers in Hawai'i and the U.S. Territories, and loan forgiveness for food and floriculture producing companies.

Grants to Organizations Facilitating Direct Farm to Consumer Delivery

Organizations have been formed to facilitate the delivery of locally grown produce to consumers. The rising demand has also illuminated the need for infrastructure such as warehouse space, cold storage, transportation, utilities, and other operational needs. As such, we request robust funding for grant programs to organizations working to provide direct-to-consumer fresh farm produce.

Flexibility in Implementation

Unique factors associated with a year-round growing season means that policy assumptions centered on large-scale, monocrop agriculture with a winter season may inadvertently exclude tropical and subtropical producers. As such, we request that House leadership and appropriators direct the Secretary of Agriculture to create flexibility for unique agricultural producers of Hawai'i and U.S. Territories to use appropriated funds.

Technical Assistance

U.S. Island farmers are experts at agricultural production, but many need help with the paperwork necessary to access government programs. The current circumstances amplify this need because of new and unfamiliar programs established by the CARES Act and future stimulus packages. As such, we request robust technical assistance funding for the Farm Service Agency, Rural Development, Food and Nutrition Service and other USDA agencies to help farmers, and to fund competitive grants for local service organizations and Land Grant extension agents to support the outreach.

Adaptation Micro-Grants

Small-scale agricultural producers are often in good positions to reconfigure operations for different crops. The coronavirus pandemic however has brought new barriers. Small agriculture producers that once grew crops targeted for high-end markets, such as microgreens for hotel chefs, now need to shift their production to produce for individual consumers. Loan forbearance, deferral, or cancellation will help, but micro-grants would provide farmers and ranchers the resources to accommodate current and future demands. We request robust funding for micro-grant programs and suggest micro-grants for amounts from \$15,000-\$30,000, depending on need and scale of applicant's operation.

Additional Measures to Support Farmers

Diversified Tropical and Subtropical Agricultural Systems (ARS, NIFA)

Hawai'i and the U.S. Territories have unique challenges in establishing sustainable food production systems due to geographic location; limited arable land; cost of energy, labor, and inputs; and available local, regional and international markets. Basic and applied research is key to increasing production, efficiency, and profitability of diversified agricultural industries for food and non-food crops. We request funding for tropical and subtropical research including breeding and crop improvement; identification and evaluation of new specialty crops; nutrient and water management; protected agriculture; and aquaponics and hydroponics through the Agriculture Research Service operations and Land Grant Universities located in Hawai'i and the U.S. Territories.

Integrated Pest Management (IPM) and Biological Control (ARS, NIFA, APHIS)

Reduction in the application of synthetic pesticides to control noxious species in Hawai'i and the U.S. Territories is critical to prevent chemical contamination of the environment and seepage into sensitive water tables. IPM and biological control techniques reduce chemical applications on farmlands and increase crop quality and value. We request

robust funding for IPM projects through the Agriculture Research Service operations and Land Grant Universities located in Hawai'i and the U.S. Territories.

Reimbursement Transportation Cost Payment (RTCP) Program

The geographic location of Hawai'i and other U.S. Island Territories create a structural challenge unique to our producers. That is why Congress established the RTCP program. Island producers will need support to innovate and develop new markets to recover from the COVID pandemic. We request funding of \$10 million for the RTCP.

Micro-grants for Food Security Program (2018 Farm Bill)

This program was designed to help increase the quantity and quality of locally grown food in Hawai'i, Alaska, the U.S. territories, and the Compact of Free Association states, through small-scale gardening, herding, and livestock operations in food insecure communities (7 U.S. Code § 7518). The Agricultural Marketing Service is required to follow 2 CFR 200 compliance and risk management procedures. However, doing so eliminates the very people the program is intended to help. We therefore request a rule change to allow local departments of agriculture to develop governing actions best suited for each locale for purposes of streamlining implementation of the program, and a one-time funding of \$10 million for the Micro-grant for Food Security Program for Hawai'i and other U.S. Islands.

Food Hubs

Food hubs are key to helping small-scale farms diversify their markets and grow their businesses. The aggregation, distribution, and marketing services these hubs provide makes it possible for farmers to gain entry into larger-volume markets. We request robust funding to strengthen existing and establish new food hubs.

Agriculture Technology

Demand for farm technology, from drones to accounting software, is increasing among farmers and ranchers. According to USDA NASS Hawai'i data, there is a demand for an additional 3383 video surveillance, 2778 GPS/RFID, and 1208 smartphone apps for farmers and ranchers. We request robust funding for Hawai'i and U.S. Island farmers and ranchers to expand and/or incorporate agriculture technology on their farms.

Green Houses and High Tunnels

Greenhouses and high tunnels are valuable technologies that help offset climate change stresses and prevent insect, wind, and moisture damages. However due to cost, they have yet to be widely deployed on Island farms despite their obvious benefits. We request a one-time emergency funding with an 80/20 cost-share to help farmers cover the cost of greenhouses and high tunnels for food producers in Hawai'i and the U.S. Territories.

Specialty Crop Block Grant Program (SCBGP) (NIFA)

The SCBGP has been essential in helping diversify Island food crops. Limited funding however has resulted in excellent projects being turned down and falling to the wayside. We request a minimum baseline allocation of \$500,000 per State and Territory.

Germplasm

Hawai'i and the U.S. Territories are increasingly at risk of losing gene traits for indigenous plants, foods, and flowers that have evolved over time to adapt to their environments due to natural disasters, invasive species, and climate change. Germplasm collections are key to the preservation of native plants, foods, and flower crops. As such, we request funding to expand tropical and subtropical germplasm collections.

Plant Protection and Quarantine (PPQ) Program (APHIS)

Invasive species are wreaking havoc on Hawai'i and U.S. Territory food production industries. Stopping invasive species at ports of entry is critical if the Islands are to build greater food sustainability. We request additional funding for the APHIS PPQ program.

Farm Storage Facility Loan (FSFL) Program (FSA)

The COVID-19 pandemic highlighted a weak link in the supply chain between food producers and consumers. Storage facilities are key to building sustainable food systems in the Islands. We request robust funding for the FSFL program and a one-time modification for the FSFL program to waive the down payment requirement for Hawai'i and U.S. Territory food producers.

Floriculture and Horticulture

Floriculture and horticulture businesses have been devastated by the COVID-19 pandemic. New flower and plant breeds are key to this industry's future. As such, we request robust funding for tropical and subtropical flower and plant research and breeding programs to increase tolerance from insect pests, diseases, and other climate change impacts; testing of new organic and non-organic pesticides; and implementing areawide integrated pest management and biological control programs.

Commodity Purchases

The COVID-19 pandemic has undermined the market for agricultural producers across the nation. In order to help all food producers rebuild, we request that you make additional resources available for the following USDA commodity purchase programs:

- Commodity Supplemental Food Program;
- School and Child Nutrition Food Programs; and
- Food Purchase Programs.

Personal Protection Equipment (PPE) for the Food Production Industry

The agricultural industry is considered essential, yet workers throughout the food supply chain lack PPE to limit their exposure to COVID-19. We request funding to supply PPE to the agricultural industry workforce, and that such funding be directed to Cooperative Extensions which have extensive producer networks and can deliver PPE with guidance on how to use and maintain the PPE.

Loan Forbearance and Deferral

Debt servicing is a fixed cost that is common to almost all agricultural producers, but under the present circumstances loan payments decrease liquidity that farmers and ranchers need to develop new markets and reconfigure their businesses. We request language to establish a program of loan forbearance and deferral so farmers and ranchers may adjust their operations. We suggest an initial period of nine months, with the option to renew for an additional nine months.

Expansion of Weather Disaster Programs

While the USDA may be reluctant to activate its disaster loan, crop insurance, and noninsured crop assistance programs at this time, these well-established programs are familiar to farmers, USDA employees, and Farm Credit System lenders and will therefore be easier to implement compared to new programs. While we understand concerns about weather disaster in the coming months, the extraordinary scope of the COVID-19 crisis requires an urgent response. We therefore request that the House leadership and appropriators direct the Secretary of the USDA to use his authority to activate existing USDA response programs to cover COVID-19 and other emergency issues.

Flexible Payment System

Even before the current crisis, SNAP and non-SNAP nutrition assistance beneficiaries faced challenges accessing farmers markets and other farmer-direct products, now only exacerbated with COVID-19 related restrictions. Some of the challenges are: (1) limited internet access, (2) social distancing guidelines and stay-at-home orders, (3) limited or no public transportation, and (4) cyber security needs for financial transactions and personal identifying information. These issues are especially important within our diverse Island Communities. We therefore request that House leadership and appropriators direct the Secretary of Agriculture to develop regulatory flexibility to ensure SNAP and non-SNAP federal nutrition assistance beneficiaries have access to farmer-direct products.

Organic Certification

USDA supports producers' transition to organic production through its National Organic Certification Cost Share Program (NOCCSP). While not every producer will choose this option, some may transition as they look to rebuild their business. We request one-time funding of \$1 million for the Agricultural Marketing Service to provide technical assistance for Hawai'i and U.S. Territory food producers for organic certification and accreditation, and a one-time modification to the Farm Service Agency cost share from 75% to 90% to be certified an organic farm operation.

In conclusion, we ask for your full consideration of these proposals to help Hawai'i and U.S. Territory farmers and ranchers weather the COVID-19 pandemic economic impacts and modernize their food production systems. We thank you for your leadership during this time of crisis.

Sincerely,



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Member of Congress



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